

Legal & General UK Equity Income Fund

Unit Trust (UCITS compliant) R-Class GBP



FUND AIM

The objective of this fund is to provide an income in excess of the yield represented by the performance of the FTSE All-Share Index, and long-term growth. The fund will typically invest between 80% and 100% in UK company shares, or in shares of overseas companies which have a significant part of their activities in the UK or whose shares are traded on UK stock markets.

RISK AND REWARD PROFILE



The synthetic risk and reward indicator (SRRI) is based on the historic volatility of the fund's value and it may change in the future.

The fund is in category 5 because it invests in company shares which are sensitive to variations in the stock market. The value of company shares can change substantially over short periods of time.

For more information, please refer to the Key Risks section on page 3.

WHO IS THIS FUND FOR?

- This fund is designed for investors looking for income and growth from an investment in UK company shares.
- Although investors can take their money out at any time, this fund may not be appropriate for those who plan to withdraw their money within five years.
- This fund is not designed for investors who cannot afford more than a minimal loss of their investment.
- If you do not understand this document we recommend you seek additional information to help you decide if this fund is right for you.

FUND FACTS

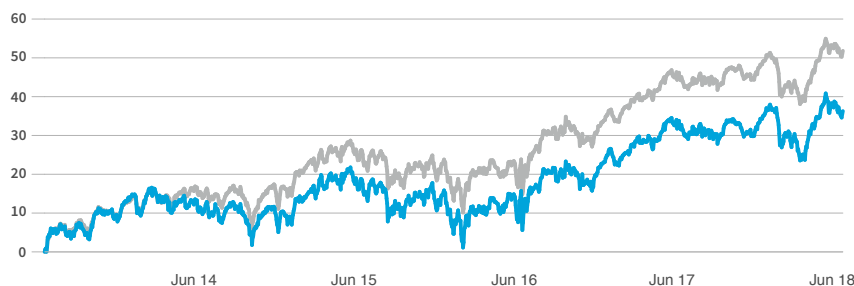
Fund size £269.7m	Base currency GBP	IA Sector IA UK Equity Income
Launch date 31 Mar 2011	Domicile UK	Historical yield 4.70%

COSTS

Initial charge 0.00%	Ongoing charge 1.53%
Price basis Dual	Bid / Offer spread 0.61%

For detail on price basis methodologies please refer to the 'Guide to Investing With Us' found on our website. [↗](#)

PERFORMANCE (%)



	1 month	6 months	1 year	3 years	5 years
■ Fund	-0.37	0.83	4.42	18.78	36.26
■ IA Sector	-0.22	1.78	6.17	24.23	51.86
Quartile ranking	2	3	3	3	4

12 MONTH PERFORMANCE TO MOST RECENT QUARTER (%)

12 months to 30 June	2018	2017	2016	2015	2014
Fund	4.42	17.61	-3.28	3.89	10.42
IA Sector	6.17	19.37	-1.98	6.87	14.39
Quartile ranking	3	3	3	4	4

Performance for the R Inc unit class in GBP, launched on 31 March 2011. Source: Lipper. Performance assumes all fund charges have been taken and that all income generated by the investments, after deduction of tax, remains in the fund.

Past performance is not a guide to future returns. The value of your investment and any income taken from it is not guaranteed and may go up and down.

FUND SNAPSHOT

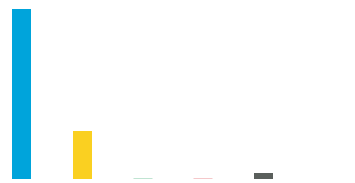
- Seeks to deliver consistent income and capital growth over the long term
- Equity income investing is an investment style which has historically proven to be successful over the long term
- When picking stocks, the fund manager seeks those with sustainable high yields, dividend growth prospects, or that are undervalued and have the potential for recovery



PORTFOLIO BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding.

COUNTRY (%)



MARKET CAPITALISATION (%)

Large	76.1
Mid	21.4
Small	0.0
Micro	0.0
Cash and Equivalents	2.5



■ Top 10 holdings 37.5%
 ■ Rest of portfolio 62.5%
 No. of holdings 45

TOP 10 HOLDINGS (%)

BP	4.9
Royal Dutch Shell	4.5
Rio Tinto	4.5
Lloyds Banking Group	4.2
Prudential	3.8
Aviva	3.3
BHP Billiton	3.2
Vodafone Group	3.1
Tesco	3.0
GVC Holdings	3.0

TOP SECTOR OVER/UNDERWEIGHTS (%)

	Fund	Relative	
Consumer Services	20.0	8.3	
Financials	33.0	7.2	
Basic Materials	10.4	2.6	
Telecommunications	4.4	1.5	
Technology	2.3	1.3	
Industrials	9.0	-2.4	
Utilities	0.0	-2.7	
Oil & Gas	9.5	-4.8	
Health Care	3.0	-5.6	
Consumer Goods	8.1	-5.8	

TOP 5 STOCK OVER/UNDERWEIGHTS (%)

	Fund	Relative	
GVC Holdings	3.0	2.7	
Rio Tinto	4.5	2.5	
Direct Line Insurance	2.7	2.5	
Aviva	3.3	2.5	
Johnson Matthey	2.7	2.4	
Unilever	0.0	-2.0	
Diageo	0.0	-2.7	
GlaxoSmithKline	0.0	-3.0	
HSBC Holdings	2.0	-3.8	
Royal Dutch Shell	4.5	-4.5	

FUND MANAGER COMMENTARY

Diverging central bank policy actions and political turbulence, alongside capricious moves on trade and tariffs shaped market volatility in June. This led to a slump in risk appetite as the month progressed, despite evidence of global growth rebounding from the lows that we saw in Q1. In the UK, recent sentiment survey and data from services and manufacturing industries is supportive of an August rate hike and a modest rebound in GDP data for Q2.

Against this volatile backdrop, UK equities remain remarkably resilient, closing out a strong quarter for investors. This brought about a slight re-rating in valuation metrics on the back of higher share prices. Earnings growth expectations also saw some decent upgrades. Overall, the FTSE All Share closed the month broadly flat. At the size level, midcaps were slightly stronger than large cap names, helped by M&A and corporate earnings.

Turning to sectors, we saw positive contributions from telecoms, aerospace and defence, and food and utilities. Offsetting this was financials, general industrials, construction, mining and healthcare sectors. Meanwhile, domestic exposed companies outperformed.

The L&G UK Equity Income fund performed broadly in line with the index, recording a negative return of -0.3% during the month of June. In what was a quiet period for stock news, sector positioning was broadly neutral. Our holdings in financials slightly underperformed, though this was offset by better returns in consumer services.



STEPHEN MESSAGE

Stephen is responsible for managing LGIM's UK Equity Income portfolios and is a member of the Active Equities team. Stephen joined LGIM in 2017 from Old Mutual Global Investors where he held the title of fund manager. Stephen was responsible for the management of the Old Mutual UK Equity Income fund from 2009 until 2016. Stephen graduated from Imperial College London with a MEng in aeronautical engineering from Imperial College London. He is also a CFA charterholder.

KEY RISKS

- The fund could lose money if any institution providing services such as acting as counterparty to derivatives or other instruments, becomes unwilling or unable to meet its obligations to the fund.
- Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains. The impact to the fund can be greater where derivatives are used in an extensive or complex way.
- The fund may have underlying investments that are valued in currencies that are different from sterling (British pounds). Any such investments will be impacted by exchange rate fluctuations and this may affect the value of your investment and any income from it. Currency hedging techniques may be applied to reduce the impact of exchange rate fluctuations but may not entirely eliminate it.
- We may take some or all of the ongoing charges from the fund's capital rather than the fund's income. This increases the amount of income, but it reduces the growth potential and may lead to a fall in the value of the fund.

For more information, please refer to the key investor information document on our website [↗](#)

LATEST DISTRIBUTION INFORMATION

For distributing unit classes, the latest payments are shown below. Please note that these payments are not guaranteed, are at the discretion of the manager and may be paid out of capital.

Type	Ex-div date	Pay date	Pence per unit
Interim	25 Apr 18	22 Jun 18	0.85p
Final	25 Jan 18	23 Mar 18	0.42p
Interim	25 Oct 17	22 Dec 17	0.82p
Interim	24 Jul 17	24 Sep 17	0.86p



SPOTLIGHT ON LEGAL & GENERAL INVESTMENT MANAGEMENT

We are one of Europe's largest asset managers and a major global investor, with assets under management of £983.3 billion (as at 31 December 2017). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Assets under management include derivative positions and assets managed by LGIMA, an SEC Registered Investment Advisor.

DEALING INFORMATION

Valuation frequency	Daily, 12pm (UK time)
Dealing frequency	Daily
Settlement period	T+4

CODES

ISIN	R Acc	GB00B5VZFY75
	R Inc	GB00B52YF651
SEDOL	R Acc	B5VZFY7
	R Inc	B52YF65
Bloomberg	R Acc	LGUEIRA
	R Inc	LGUEIRI

TO FIND OUT MORE

 Visit www.legalandgeneral.com

 Call **0370 050 0955**

 Email investments@landg.com

Lines are open Monday to Friday 8.30am to 6.00pm. We may record and monitor calls. Call charges will vary.

Important information

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